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Would Trade Deal Help or Hurt?

HELP: Georgia stands to gain from U.S. pact with neighbors
By John Murphy

Since the city's founding as a railroad hub, Atlanta has thrived on trade. World-leading companies such as Delta Air Lines and UPS have made international trade a motor of prosperity for Georgia. Today, Atlanta is bidding to host the Secretariat of the Free Trade Area of the Americas, a free-trade zone that would stretch from Alaska to Argentina.

But before the FTAA becomes a reality, Congress must approve the outstanding new trade agreement with our closest neighbors --- Central America and the Dominican Republic. Known as CAFTA, this agreement will create the largest new free-trade area market in a decade. Purchasing \$15.7 billion in U.S. exports last year, the integrated Central American-Dominican market is on par with such advanced industrialized countries as France and Italy. The six countries buy more U.S. exports than India, Indonesia and Russia combined.

CAFTA will level the playing field for U.S. workers, farmers and businesses. While most Central American and Dominican imports already enter the U.S. duty-free, the six countries impose average tariffs of 7-9 percent on U.S.-manufactured goods. CAFTA will fix this imbalance by providing immediate, duty-free access to the six-country market for more than 80 percent of these U.S. goods.

A U.S. Chamber of Commerce study projects CAFTA will generate \$262 million in new sales for Georgia companies and \$52 million in new earnings for the state's workers in its first year; rising to \$1.4 billion and \$283 million over a decade. It also projects more than 1,500 jobs will be created in Georgia in the first year, rising to nearly 9,000 new jobs over a decade.

Textiles account for more than a third of U.S. sales to the six countries --- a figure that approaches 50 percent for Georgia. Central American and Dominican apparel manufacturers are the best customers in the world for U.S. cotton-growers, yarn-spinners and fabric mills.

So it's no coincidence that garments cut and sewn in Central America and the Dominican Republic have 60 percent U.S. content, compared with less than 1 percent U.S. content in Chinese-made apparel. With the elimination of import quotas on textiles last January, U.S. textile companies need to hold on to their customers more than ever --- and CAFTA will help them do so.

Producers of Georgia's top farm products --- among them, poultry, cotton and beef --- all will see sales climb as Central America and the Dominican Republic slash their steep tariffs.

The agreement will help Central America and the Dominican Republic keep existing jobs in the face of Asian competition --- and create new jobs. CAFTA has led these countries to improve their already strong labor laws and commit new resources to enforcement of these laws.

Finally, CAFTA is a helping hand --- not a handout --- for some of our closest neighbors. The agreement will also help boost economic growth and consolidate democratic institutions. Consider how the region was wracked by civil war just 20 years ago.

All in all, CAFTA is a tremendous deal for Georgia and its workers, farmers and businesses.

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